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PRISM BHD v. MEASAT BROADCAST NETWORK SYSTEM SDN BHD

HIGH COURT MALAYA, KUALA LUMPUR
WONG KIAN KHEONG JC
[SUIT NO: 22IP-8-03-2016]
B 6 APRIL 2017

COPYRIGHT: *Licensing body – Right of action – Licenses for public performance of performer's sound recordings – Whether licensing body authorised to grant licenses and collect fees or royalties for grant of such licences – Claim for payment for annual*
C *licence fee from company – Whether licensing body had locus standi to commence action against company – Whether performers could claim for licence fees for company's use – Whether licensing body could claim for licence fees based on licensing scheme – Whether licensing body could claim for licence fees based on performers' agreements with licensing body – Whether performers could claim for*
D *equitable remuneration for company's use – Whether licensing body could claim for equitable remuneration for company's use – Whether performers could assign equitable remuneration right to licensing body – Whether licensing body could claim for equitable remuneration in licensing body's own name without assignment – Whether licensing body's action frivolous and vexatious – Rules of Court 2012,*
E *O. 18 r. 19(1)(b) – Copyright Act 1987, ss. 3, 16A, 16B, 27A, 27AA*

CIVIL PROCEDURE: *Action – Striking out – Application for – Licenses for public performance of performer's sound recordings – Whether licensing body authorised to grant licenses and collect fees or royalties for grant of such licences – Licensing body claiming for annual licence fee from company – Whether licensing*
F *body empowered to impose licence fees for company's use – Whether licensing body had locus standi to commence action against company – Whether licensing body's action frivolous and vexatious – Rules of Court 2012, O. 18 r. 19(1)(b) – Copyright Act 1987, ss. 3, 16A, 16B, 27A, 27AA*

The plaintiff company ('plaintiff') had been given by the controller of
G copyright ('controller') under s. 27A of the Copyright Act 1987 ('CA') a written declaration that the plaintiff was a licensing body (controller's declaration). The defendant company ('defendant') owned and operated All Asian Satellite Television and Radio Operator ('ASTRO'). Recording Performers Malaysia Bhd (RPM) and the plaintiff, who acts for performers,
H requested that the defendant pay to both RPM and plaintiff (on behalf of performers) for the defendant's use. A '*pro forma* invoice' had been sent by the plaintiff to the defendant for the latter to pay the former a sum of RM7,277,325 as payment for 'annual licence' fee. The plaintiff sent a demand to the defendant which, among others, stated that the defendant
I failed to obtain a licence from the plaintiff and had infringed the plaintiff's

right and the defendant should make 'royalty payment' to the plaintiff. The defendant denied that the plaintiff had any basis to sue the defendant under the CA. The plaintiff's statement of claim, amongst others, pleaded (i) the plaintiff was authorised to grant licenses and collect fees or royalties for the grant of such licences regarding public performance of performers' sound recordings; (ii) the plaintiff was empowered to impose licence fees for defendant's use; (iii) the defendant failed to pay the plaintiff's two *pro forma* invoices and (iv) the plaintiff claimed the sum to be paid by the defendant. The defendant thus filed an application to strike out the plaintiff's action on the following grounds (i) the plaintiff did not have *locus standi* to commence the action against the defendant; (ii) whether performers could claim for licence fees for the defendant's use; (iii) whether the plaintiff could claim for licence fees based on licensing scheme; (iv) whether plaintiff could claim for licence fees based on performers' agreements with the plaintiff; (v) whether performers could claim for equitable remuneration for the defendant's use; (vi) whether the plaintiff could claim for equitable remuneration for the defendant's use; (vii) whether performers could assign equitable remuneration right to the plaintiff; (viii) whether the plaintiff could claim for equitable remuneration in the plaintiff's own name without an assignment from performers.

Held (allowing application with costs):

(1) As the CA has different provisions for copyright, performers' right and equitable remuneration right, it was clear that Parliament had intended for copyright, performers' right and equitable remuneration right to be different from each other. When different words are used by the Legislature in a statute, those different words are intended by the Legislature to refer to different matters. (para 17)

(2) According to s. 3 of the CA, a 'licence' means 'a lawfully granted licence in writing, permitting the doing of an act controlled by copyright'. Licences under s. 3 of the CA refer to copyright only (not equitable remuneration right). Consequently, performers cannot grant a 'licence' within the meaning of s. 3A and charge the defendant for licence fees regarding defendant's use. The defendant's use did not involve live performances under s. 16A of the CA. As such, the defendant's use did not concern performers' right under s. 16A of the CA. The performers could not therefore claim any licence fee or any other remuneration from defendant for performers' right. Section 16B(1) of the CA has expressly provided that performers 'shall' only be paid equitable remuneration by users of sound recording. It would therefore be contrary to s. 16B(1) of the CA to allow performers to charge the

defendant with licence fees for the defendant's use. Therefore, no right to claim for licence fees from the defendant could be assigned by the performers to the plaintiff. (paras 18 & 19)

(3) By virtue of s. 27A(1) of the CA, the controller's declaration only declared the plaintiff as a 'licensing body' (defined in s. 3 of the CA). A licensing body may then operate a 'licensing scheme' within the meaning in s. 3 of the CA. According to s. 3(a) of the CA, a licensing scheme sets out 'classes of case in which the operator of the scheme, or the person on whose behalf he acts, is willing to grant copyright licences.' The plaintiff's licensing scheme concerned 'copyright licences' according to s. 3(a) of the CA (not equitable remuneration right). Section 27AA(1) of the CA provides that a licensing scheme may only be operated 'in relation to the copyright in any work'. Accordingly, based on s. 27AA(1) of the CA, a licensing scheme concerns only copyright and not equitable remuneration right. Thus, the plaintiff could not claim for licence fees for the defendant's use from the defendant based on the plaintiff's licensing scheme. (para 20)

(4) The defendant was not a party to or bound in any manner by the performers' agreements with the plaintiff. Neither the performers nor the plaintiff could enforce the performers' agreements with the plaintiff against the defendant. As such, both performers and the plaintiff could not claim for any licence fees or any remuneration from the defendant pursuant to the performers' agreements with the plaintiff. Further, the enforcement of the performers' agreements with the plaintiff would be contrary to the purpose of s. 16B(3) CA, which provides for the rights of performers to agree with the defendant on more favourable terms and conditions regarding equitable remuneration right. (paras 21 & 22)

(5) There was no contract between the performers and the defendant regarding equitable remuneration for the defendant's use. This triggered the application of s. 16B(3A) of the CA wherein performers may apply to copyright tribunal (CT) 'to determine the amount payable as equitable remuneration.' If an application is made by performers to CT under s. 16B(3A) CA, the CT is duty bound under s. 16B(3D) CA to 'consider the matter and make such order as to the method of calculation and payment of equitable remuneration as it may determine to be reasonable in the circumstances, taking into account the importance of the contribution of the performer to the sound recording.' Until and unless CT has decided the quantum of equitable remuneration payable by the defendant to performers for the defendant's use under s. 16B(3A) of the CA, performers have no right under s. 16B(3A) of the CA to claim for

such an equitable remuneration. Consequently, the performers in the action could not assign equitable remuneration right (regarding the defendant's use) to the plaintiff. (paras 23-25)

(6) The performers' agreements with the plaintiff could not constitute an absolute assignment under s. 4(3) of the Civil Law Act 1956 or an equitable assignment of equitable remuneration right from performers to the plaintiff. If there was no assignment of equitable remuneration right by the performers to the plaintiff, the plaintiff had no right to commence this action in the plaintiff's own name. (paras 30 & 31)

(7) The plaintiff's action was frivolous and/or vexatious under O. 18 r. 19(1)(b) of the Rules of Court 2012 and constituted an abuse of court process and ought to be struck out. The plaintiff's lack of *locus standi* to institute the action was clear and need not be tried in this case. (para 26)

Case(s) referred to:

Batjac Productions Inc v. Simitar Entertainment (UK) Ltd & Anor [1996] FSR 139 ***(refd)***
Government of Malaysia v. Lim Kit Siang & Another Case [1988] 1 CLJ 219; [1988] 1 CLJ (Rep) 63 SC ***(refd)***
Hexagon Pty Ltd v. Australian Broadcasting Commission [1975] 7 ALR 233 ***(refd)***
Hipparion (M) Sdn Bhd v. Chung Khiaw Bank Ltd [1989] 2 CLJ 101; [1989] 1 CLJ (Rep) 41 SC ***(refd)***
Hong Leong Finance Bhd v. Rajandram [1998] 1 LNS 352 HC ***(refd)***
Karpal Singh v. Sultan of Selangor [1987] 2 CLJ 342; [1987] CLJ (Rep) 686 HC ***(refd)***
Kepong Prospecting Ltd & Ors v. Schmidt [1967] 1 LNS 67 PC ***(refd)***
Khaw Poh Chhuan v. Ng Gaik Peng (f) & Yap Wan Chuan & Ors [1996] 2 CLJ 185 SC ***(refd)***
Lee Lee Cheng v. Seow Peng Kwang [1960] MLJ 1 ***(refd)***
Lembaga Kumpulan Wang Simpanan Pekerja v. Kesatuan Kakitangan Lembaga Kumpulan Wang Simpanan Pekerja [2000] 3 CLJ 81 FC ***(refd)***
Luggage Distributors (M) Sdn Bhd v. Tan Hor Teng @ Tan Tien Chi & Anor [1995] 2 CLJ 713 CA ***(refd)***
Manggai v. Government of Sarawak & Anor [1970] 1 LNS 80 FC ***(refd)***
Muniandy Subrayan and Ors v. Chairman & Board Members of Koperasi Menara Maju Bhd [1997] 1 CLJ 417 CA ***(refd)***
Pasmore v. The Ostwaldtwistle Urban District Council [1895-99] All ER Rep 191 ***(refd)***
Tuan Hj Ishak Ismail v. Leong Hup Holdings Bhd & Other Appeals [1996] 1 CLJ 393 CA ***(refd)***
Wilkinson v. Barking Corporation [1948] 1 All ER 564 ***(refd)***

Legislation referred to:

Civil Law Act 1956, s. 4(3)
Copyright Act 1987, ss. 3(a), 6, 13(1), 16A(1)(a), (b), (c), (d), (e), 16B(3), (3A), (3D) 27A(1), 27AA(1), 28(1), (2)(a), 36, 36A, 36B, 37, 38, 39
Rules of Court 2012, O. 18 r. 19(1)(b), (d), O. 92 r. 4

Copyright Act (Cap 63) [Sing], s. 255
Copyright, Designs and Patents Act 1988 [UK], s. 182D

A *For the plaintiff - M Manoharan & Aza Hartini Abd Razak; M/s M Manoharan & Co*
For the defendant - Chew Kherk Ying, Chong Tze Lin, Adeline Lew Chien Min & Yeoh Yao Huang; M/s Wong & Partners

Reported by Suhainah Wahiduddin

B

JUDGMENT

Wong Kian Kheong JC:

(Court encl. no. 44)

Parties

C

[1] The plaintiff company (plaintiff) has been given by the controller of copyright (controller) under s. 27A of the Copyright Act 1987 (CA) a written declaration no. LB2012004 dated 1 July 2013 that the plaintiff is a "licensing body" (controller's declaration).

D **[2]** The defendant company (defendant) owns and operates "All-Asian Satellite Television and Radio Operator" (ASTRO).

Issues

[3] This case raises the following novel issues:

E (a) under CA, is there a difference between:

(i) copyright,

(ii) "performers' right" (defined in s. 3 CA) (performers' right) and

F (iii) right of a "performer" (defined in s. 3 CA) to claim for "equitable remuneration" under s. 16B CA (equitable remuneration right);

(b) whether performers can claim for "licence fees" from defendant for ASTRO's use of sound recording for commercial purposes (defendant's use). If performers have a right to claim for licence fees for defendant's use, can such a right be assigned by performers to plaintiff?;

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(c) whether plaintiff can claim for licence fees for the defendant's use based on:

H (i) the plaintiff's "licensing scheme"; and/or

(ii) agreements entered into by performers and plaintiff (performers' agreements with plaintiff);

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(d) whether performers can claim for equitable remuneration for defendant's use when:

(i) there is no contract between defendant and performers regarding equitable remuneration to be paid by defendant to performers for defendant's use; and

(ii) the performers have not applied to the copyright tribunal (CT) under s. 16B(3A) CA to determine the amount of equitable remuneration payable by defendant to performers for defendant's use; and

(e) if performers have an equitable remuneration right against defendant for defendant's use:

(i) can equitable remuneration right be assigned by performers to plaintiff?; and

(ii) if equitable remuneration right has not been assigned by performers to plaintiff, can plaintiff commence this suit against the defendant in the plaintiff's own name (this action)?

Background

[4] As a user of musical works for ASTRO's programmes, the defendant is already paying "licence fees" to Music Authors' Copyright Protection Bhd (MACP) and Public Performance Malaysia Sdn Bhd (PPM). MACP acts for composers and lyricists while PPM represents sound recording companies.

[5] Recording Performers Malaysia Bhd (RPM), like the plaintiff, acts for performers.

[6] Both RPM and plaintiff had approached defendant and requested the defendant to pay to both RPM and plaintiff (on behalf of performers) for defendant's use.

[7] The plaintiff had sent letters dated 6 June 2014 and 6 August 2014 which requested defendant, among others, to pay to the plaintiff in respect of defendant's use.

[8] A "*pro forma* invoice" dated 8 July 2014 had been sent by plaintiff to defendant for the latter to pay to the former a sum of RM7,277,325 as payment for "annual licence" fee. The annual licence fee claimed by the plaintiff was computed based on 1.5% of the defendant's advertising income of RM485,155,000.

[9] By way of a letter dated 19 September 2014, defendant informed plaintiff of the following, among others:

A (a) the defendant had been discussing with RPM regarding the issue of equitable remuneration for performers; and

(b) the defendant would prefer to deal with a "single collecting body" to ensure that the defendant would not have to pay twice or more for defendant's use. As such, the defendant hoped that the plaintiff would
B discuss with RPM with a view to "consolidating the existing collecting bodies" into a single society to eliminate the present confusion faced by, among others, defendant.

[10] The plaintiff's then solicitors, Messrs Sharif & Khoo (Messrs SK), sent
C a demand dated 2 April 2015 to the defendant which, among others, stated that:

(a) the defendant had failed to obtain a licence from the plaintiff and had infringed the plaintiff's right; and

(b) the defendant should make "royalty payment" to the plaintiff as stated
D in the plaintiff's *pro forma* invoice.

[11] The defendant's solicitors, Messrs Wong & Partners, replied to Messrs SK's demand and, among others, denied that the plaintiff had any basis to sue the defendant under CA.

E **This Action**

[12] In this action, the statement of claim (SOC) pleaded, among others, as follows:

(a) performers' agreement with plaintiff have been concluded which authorise plaintiff to, among others, grant licences and collect fees or
F royalties for the grant of such licences regarding public performance of performers' sound recordings;

(b) with the controller's declaration, the plaintiff is empowered to impose licence fees for defendant's use. The annual licence fee charged by
G plaintiff is based on an international standard tariff practice of 1.5% of the defendant's annual advertising profit;

(c) the defendant had failed to pay the plaintiff's two *pro forma* invoices dated 8 July 2014 and 1 July 2015 which totalled RM15,427,929 (sum); and

H (d) the plaintiff claimed the sum to be paid by the defendant with interest and costs.

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Court Encl. No. 44 (This Application)

[13] In this application, the defendant applied to strike out this action on the following grounds:

(a) the plaintiff does not have *locus standi* to commence this action against the defendant; and

(b) this court is not the proper forum to hear this action.

[14] The defendant's learned counsel, Ms Chew Kherk Ying, has submitted that the plaintiff has no *locus standi* to maintain this action on the following grounds:

(a) equitable remuneration is an "*in personam*" statutory right vested in a performer under s. 16B of the CA and no other person. Accordingly, the right to equitable remuneration is personal to the performer and cannot be assigned to the plaintiff;

(b) the plaintiff has no authority to sue the defendant on behalf of performers; and

(c) in the absence of a private bargain between the defendant and performers to fix the payable quantum of equitable remuneration, such a quantum is to be determined by CT on the application by the performers.

[15] Mr M Manoharan, the plaintiff's learned counsel, resisted this application on the following grounds, among others:

(a) the plaintiff has the *locus standi* to file this action based on:

(i) controller's declaration and the plaintiff's licensing scheme; and/or

(ii) performers' agreements with plaintiff;

(b) performers' copyright in sound recordings can be assigned by the performers to the plaintiff under s. 27 of the CA;

(c) the SOC had pleaded a reasonable cause of action by plaintiff against defendant based on the controller's declaration, plaintiff's licensing scheme and performers' agreements with plaintiff;

(d) the SOC and the plaintiff's affidavit (filed to oppose this application) (plaintiff's affidavit) had raised issues which should be tried by this court. Hence, this application should be dismissed with costs so as to enable this case to proceed to trial;

(e) this action does not constitute an abuse of court process and should not be struck out under O. 18 r. 19(1)(d) of the Rules of Court 2012 (RC);

(f) this action is not a plain and obvious case for the court to strike out; and

A (g) the plaintiff represents 1653 performers in Malaysia and should be allowed to prosecute this action in the public interest and in the interest of performers.

A number of cases had been cited by Mr Manoharan in support of the above contentions.

B

Relevant Copyright Act Provisions

[16] The following CA provisions will be considered in this application:

Interpretation

C s 3. In this Act, unless the context otherwise requires:

…

"copyright" means copyright under this Act;

…

D *"licence" means a lawfully granted licence in writing, permitting the doing of an act controlled by copyright;*

"licensing body" means a society or organization which is declared as a licensing body under section 27A;

E *"licensing scheme" means a scheme* (including anything in the nature of a scheme, whether described as a scheme or as a tariff or by any other name) setting out:

(a) *the classes of case in which the operator of the scheme, or the person on whose behalf he acts, is willing to grant copyright licences;* and

F (b) the terms on which licences would be granted in those classes of case;

…

"performance":

(a) includes:

G (i) a performance of a dramatic work, or part of such a work, including such a performance given with the use of puppets, or the performance of an improvised dramatic work;

(ii) a performance of a musical work or part of such a work, or the performance of an improvised musical work;

H (iii) the reading, recitation or delivery of a literary work, or part of such a work, or the reading, recitation or delivery of an improvised literary work;

(iv) a performance of a dance;

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(v) a performance of a circus act or a variety act or any similar presentation or show; or

(vi) a performance in relation to expressions of folklore,

which is given live by one or more persons in Malaysia, whether in the presence of an audience or otherwise; …

"performer" means an actor, singer, musician, dancer or any person who acts, sings, delivers, declaims, plays in, interprets, or otherwise performs a performance;

"performers' right" means the performers' right under this Act;

…

No copyright except by virtue of this Act

s. 6 Subject to this Act, no copyright shall subsist otherwise than by virtue of this Act.

Nature of copyright in literary, musical or artistic works, films and *sound recordings*

s. 13(1) *Copyright* in a literary, musical or artistic work, a film, or *a sound recording* or a derivative work *shall be the exclusive right to control in Malaysia*:

(a) the reproduction in any material form;

(aa) the communication to the public;

(b) the performance, showing or playing to the public;

(c) (Deleted by Act A994);

(d) (Deleted by Act A994);

(e) the distribution of copies to the public by sale or other transfer of ownership; and

(f) the commercial rental to the public,

of the whole work or a substantial part thereof, either in its original or derivative form provided that:

(A) the exclusive right to control the distribution of copies refer only to the act of putting into circulation copies not previously put into circulation in Malaysia and not to any subsequent distribution of those copies or any subsequent importation of those copies into Malaysia; and

(B) the exclusive right to control commercial rental in relation to films shall only apply when such commercial rental has led to widespread copying of such work materially impairing the exclusive right of reproduction.

Nature of performers' right

s 16A(1) *Performers' right shall be the exclusive right to control in Malaysia:*

(a) the communication to the public of a *performance*, except where the performance used in such communication is itself a live broadcast performance;

(b) the fixation of an unfixed *performance*;

(c) the reproduction of the fixation of a *performance*;

(d) the first distribution to the public of a fixation of a *performance*, or copies thereof, through sale or other transfer of ownership; and

(e) the commercial rental to the public of a fixation of a *performance*, or copies thereof, irrespective of the ownership of the copy rented.

…

Equitable remuneration

s 16B(1) Where a sound recording is published for commercial purposes or a reproduction of such recording is publicly performed or used directly for broadcast or other communication to the public, an equitable remuneration for the performance shall be payable to the performer by the user of the sound recording.

(2) Remuneration shall not be considered inequitable merely because it was paid by way of single payment.

(3) *Nothing in this section shall be construed so as to deprive a performer of the right to agree by contract on terms and conditions more favourable for him in respect of his performance.*

(3A) *In the absence of a contract on the equitable remuneration payable under subsection (1), the performer may apply to the Tribunal to determine the amount payable as equitable remuneration.*

(3B) The performer may also apply to the Tribunal:

(a) to vary any contract as to the amount payable as equitable remuneration; or

(b) to vary any previous determination of the Tribunal relating to the equitable remuneration.

(3C) An application by a performer under paragraph (3B)(b) may only be made within twelve months from the date of a previous determination, unless special leave by the Tribunal has been obtained.

(3D) *On an application under this section, the Tribunal shall consider the matter and make such order as to the method of calculation and payment of equitable remuneration as it may determine to be reasonable in the circumstances, taking into account the importance of the contribution of the performer to the sound recording.*

(3E) A contract is of no effect in so far as it purports to prevent a performer questioning the amount of equitable remuneration or to restrict the powers of the Tribunal under this section.

(4) For the purpose of this section, published for commercial purpose means the sound recording has been made available to the public by wire or wireless means in such a way that members of the public may access them from a place and at a time individually chosen by them.

Assignment, licences and testamentary disposition

s. 27(1) *Subject to this section, copyright shall be transferable by assignment*, testamentary disposition, or by operation of law, *as movable property*.

…

Licensing body

s 27A(1) *A society or an organization which intends to operate as a licensing body for copyright owners or for a specified class of copyright owners shall apply to the Controller to be declared as a licensing body.*

Licensing schemes to which sections 27B to 27G apply

s 27AA(1) *Sections 27B to 27G shall apply to licensing schemes operated by licensing bodies in relation to the copyright in any work, so far as they relate to licences fo*r -

(a) reproducing the work;

(b) performing, showing or playing the work in public;

(c) communicating the work to the public;

(d) rebroadcasting the work;

(e) the commercial rental of the work to the public; or

(f) making adaptation of the work.

…

Establishment and powers of Copyright Tribunal

s 28(1) *There shall be established a tribunal to be known as the Copyright Tribunal.*

(2) *The Tribunal shall have the power to decide on the following matters:*

(a) *an application by a performer under section 16B*;

…

Infringements

s 36(1) *Copyright is infringed by any person who does, or causes any other person to do, without the licence of the owner of the copyright, an act the doing of which is controlled by copyright under this Act.*

…

Application of sections 36, 37, 38 and 39 to performers' right

s 39A. *Sections 36, 37, 38 and 39 shall apply mutatis mutandis to performers' right.*

(emphasis added).

Copyright, Performers' Right And Equitable Remuneration Right

[17] I accept Ms. Chew's contention that under CA, copyright, performers' right and equitable remuneration right, are different from each other. This decision is premised on the following reasons:

(a) copyright has been interpreted in s. 3 CA to mean copyright under CA. According to s. 6 CA, copyright can only subsist as provided in CA. Section 13(1) CA explains the nature of copyright in, among others, sound recording. Performers' right has been interpreted in s. 3 CA to mean rights of a "performer" (defined widely in s. 3 CA) under CA.

Section 16A(1) CA has provided for the nature of performers' right while equitable remuneration right is provided in s. 16B CA.

As CA has different provisions for copyright, performers' right and equitable remuneration right, it is clear that Parliament has intended for copyright, performers' right and equitable remuneration right to be different from each other under CA. In *Lee Lee Cheng v. Seow Peng Kwang* [1960] 1 MLJ 1, at 3, Thomson CJ (as he then was) held in the Federation of Malaya's Court of Appeal that when different words are used by the Legislature in a statute, those different words are intended by the Legislature to refer to different matters;

(b) copyright has been provided by Parliament from the inception of CA and its predecessor (Copyright Act 1969). Performers' right and equitable remuneration right were not provided when CA was first enacted and were only introduced by Copyright (Amendment) Act 2000 (Act A1082). Act A1082 came into force on 15 August 2000. Parliament amended ss. 16A and 16B CA by way of Copyright (Amendment) Act 2012 (Act A1420);

(c) there is a rebuttable statutory presumption that the Legislature is deemed to know existing law, namely CA, when the Legislature passed Acts A1082 and A1420 – please see Gopal Sri Ram JCA's judgment in the Court of Appeal case of *Luggage Distributors (M) Sdn Bhd v. Tan Hor Teng & Tan Tien Chi & Anor* [1995] 2 CLJ 713; [1995] 1 MLJ 719, at 754. When Acts A1082 and A1420 were legislated by Parliament, if Parliament had wished to include performers' right and equitable

remuneration right as part of copyright, Parliament would have expressly done so in Acts A1082 and A1420. This was not however the case and instead, Parliament has provided for different provisions in CA for copyright, performers' right and equitable remuneration right; and

(d) the distinction between performer's right and equitable remuneration right is clear from the following CA provisions:

(i) according to s. 16A(1)(a) to (e) CA, performers' right concerns "performance". "Performance" is defined in s. 3 CA to refer to "live" performances. Accordingly, performer's right involves live performances only.

Section 16B(1) CA provides for equitable remuneration right when "sound recording is published for commercial purposes or a reproduction of such recording is publicly performed or used directly for broadcast or other communication to the public".

It is clear from ss. 16A and 16B CA that performers' right and equitable remuneration right involve different subject matter; and

(ii) copyright infringement is provided in ss. 36 to 39 CA. Act A1082 has introduced s. 39A CA whereby ss. 36 to 39 CA "shall apply *mutatis mutandis*" to performers' right. As such, by reason of s. 39A CA, a suit for infringement of performers' right may be instituted under, among others, s. 36(1) CA. By deliberately omitting equitable remuneration right in s. 39A CA, Parliament has intended by way of Act A1082 that no infringement action under s. 36(1) CA can be commenced in respect of equitable remuneration right. This shows another distinction under CA between performers' right and equitable remuneration right.

Whether Performers Can Claim For Licence Fees For Defendant's Use

[18] This court is of the view that performers cannot charge licence fees from defendant for defendant's use. This decision is based on the following reasons:

(a) the defendant's use does not involve live performances under s. 16A CA. As such, defendant's use does not concern performers' right under s. 16A CA. The performers cannot therefore claim any licence fee or any other remuneration from defendant for performers' right pursuant to s. 16A CA;

(b) according to s. 3 CA, a "licence" means "a lawfully granted licence in writing, permitting the doing of an act controlled by copyright". Licences under s. 3 CA refer to copyright only (not equitable remuneration right). As explained in the above sub-paras. 17(1) to (3),

under CA copyright is different from equitable remuneration right. Consequently, performers cannot grant a "licence" within the meaning of s. 3 CA (applicable to copyright only) and charge the defendant for licence fees regarding defendant's use; and

(3) s. 16B(1) CA has expressly provided that performers "shall" only be paid equitable remuneration (not licence fees) by users of sound recording. It will therefore be contrary to s. 16B(1) CA to allow performers to charge the defendant with licence fees for defendant's use.

[19] As performers have no right to claim licence fees from defendant for defendant's use (please see the above para. 18), no right to claim for licence fees from the defendant can be assigned by the performers to the plaintiff.

Whether Plaintiff Can Claim For Licence Fees Based On Licensing Scheme

[20] This court finds that plaintiff cannot claim for licence fees (for defendant's use) from defendant based on the plaintiff's licensing scheme because:

(a) by virtue of s. 27A(1) CA, the controller's declaration only declared the plaintiff as a "licensing body" (defined in s. 3 CA). A licensing body may then operate a "licensing scheme" within the meaning in s. 3 CA. According to s. 3(a) CA, a licensing scheme sets out "classes of case in which the operator of the scheme, or the person on whose behalf he acts, is willing to grant copyright licences". It is therefore clear that the plaintiff's licensing scheme concerns "copyright licences" according to s. 3(a) CA (not equitable remuneration right); and

(b) s. 27AA(1) CA provides that a licensing scheme may only be operated "in relation to the copyright in any work". Accordingly, based on s. 27AA(1) CA, a licensing scheme concerns only copyright and not equitable remuneration right.

Can Plaintiff Claim For Licence Fees Based On Performers' Agreements With Plaintiff?

[21] The defendant is not a party to the performers' agreements with plaintiff. Based on the doctrine of privity of contract (please see the Privy Council's judgment delivered by Lord Wilberforce in *Kepong Prospecting Ltd & Ors v. Schmidt* [1967] 1 LNS 67; [1968] 1 MLJ 170, at 174):

(i) the defendant is not bound in any manner by the performers' agreements with plaintiff; and

(ii) neither performers nor plaintiff can enforce the performers' agreements with plaintiff against defendant. As such, both performers and plaintiff cannot claim for any licence fees or any remuneration from defendant pursuant to the performers' agreements with plaintiff.

[22] There is another reason why performers' agreements with plaintiff cannot be enforced against defendant in respect of equitable remuneration right. Section 16B(3) CA envisages a contract between performers and defendant (not the plaintiff) regarding equitable remuneration for defendant's use. The enforcement of the performers' agreements with plaintiff in this action, in my view, will be contrary to the purpose of s. 16B(3) CA (which provides for the right of performers to agree with the defendant on more favourable terms and conditions regarding equitable remuneration right).

Whether Performers Can Claim For Equitable Remuneration For Defendant's Use

[23] In this case, there is no contract between performers and defendant regarding equitable remuneration for defendant's use. This triggers the application of s. 16B(3A) CA wherein performers may apply to CT "to determine the amount payable as equitable remuneration". If an application is made by performers to CT under s. 16B(3A) CA, the CT is duty bound under s. 16B(3D) CA to "consider the matter and make such order as to the method of calculation and payment of equitable remuneration as it may determine to be reasonable in the circumstances, taking into account the importance of the contribution of the performer to the sound recording".

Until and unless CT has decided the quantum of equitable remuneration payable by defendant to performers for defendant's use under s. 16B(3A) CA, performers have no right under s. 16B(3A) CA to claim for such an equitable remuneration. In this respect, I accept Ms Chew's reliance on Augustine Paul's (as he then was) judgment in the High Court case of *Hong Leong Finance Bhd v. Rajandram* [1998] 1 LNS 352; [1998] 7 MLJ 409, at 417, as follows:

> *It is also a rule of construction that conditions attached to a statutory right or benefit, which did not exist at common law as in this case, are mandatory. In this regard Statutory Interpretation by Bennion (7th Ed) says at p 32:*
>
> > *Where a legislation confers some right or benefit on a person which he would not have at common law, the conditions laid down as to the accrual of the right or benefit, unless purely formal, are mandatory. If they are not complied with the right or benefit will not accrue.*
>
> (emphasis added).

To allow performers to claim for equitable remuneration for defendant's use without applying to CT to determine the amount of such an equitable remuneration, in my view, amounts to a circumvention of s. 16B(3A) CA.

[24] There is another reason why in the absence of an agreement between performers and defendant regarding equitable remuneration for defendant's use, performers cannot file a suit to claim for such an equitable remuneration until the CT has decided on the quantum of such an equitable remuneration. This is because if the court proceeds to decide this action, the court will be usurping the function of the CT as specifically provided by Parliament in ss. 16B(3A), 16B(3D), 28(1) and 28(2)(a) CA. I rely on the following English cases:

(a) in *Pasmore v. The Ostwaldtwistle Urban District Council* [1895-99] All ER Rep 191, at 193, Earl of Halsbury LC decided as follows in the House of Lords:

> *… The principle that where a specific remedy is given by a statute, it thereby deprives the person who insists upon a remedy of any other form of remedy than that given by the statute, is one which is very familiar and which runs through the law.*

(emphasis added); and

(b) Asquith LJ (as he then was) held as follows in the Court of Appeal case of *Wilkinson v. Barking Corporation* [1948] 1 All ER 564, at 567:

> *… It is undoubtedly good law that where a statute creates a right and, in plain language, gives a specific remedy or appoints a specific tribunal for its enforcement, a party seeking to enforce the right must resort to that remedy or that tribunal, and not to others.*

(emphasis added).

The above two English cases have been followed by Gill FJ's (as he then was) judgment in the Federal Court case of *Manggai v. Government of Sarawak & Anor* [1970] 1 LNS 80; [1970] 2 MLJ 41, at 44-45.

Whether Plaintiff Can Claim For Equitable Remuneration For Defendant's Use

[25] As explained in the above paras. 23 and 24, performers in this case cannot claim for equitable remuneration from defendant for defendant's use. Consequently, the performers in this action cannot assign equitable remuneration right (regarding defendant's use) to plaintiff. In the circumstances, the plaintiff has no *locus standi* to file this action. The following cases have explained the *locus standi* requirement:

(a) in the Supreme Court case of *Government of Malaysia v. Lim Kit Siang & Another Case* [1988] 1 CLJ 219; [1988] 1 CLJ (Rep) 63; [1988] 2 MLJ 12, at p. 77 (CLJ); p. 27 (MLJ), Abdul Hamid CJ (Malaya) (as he then was) (in the majority judgment) decided as follows:

> *"Locus standi" is generally understood to mean the right of a party to appear and be heard by a tribunal. A litigant is said to have locus standi, in effect standing to sue in a court of law, if that court recognises his or her ability to institute and maintain proceedings before it. The question of standing is thus separate and distinct from questions of the substantive merits and the legal capacity of the plaintiff. It follows, therefore, that a litigant may lack standing to bring a case which would succeed if brought by the right litigant.*

(emphasis added); and

(b) Abdul Hamid Omar CJ (Malaya) (as he then was) decided as follows in the High Court case of *Karpal Singh v. Sultan of Selangor* [1987] 2 CLJ 342; [1987] CLJ (Rep) 686; [1988] 1 MLJ 64, at p. 692 (CLJ); p. 67 (MLJ):

> *There are various approaches which a court may adopt in deciding the question of locus standi. One approach is to ask whether the plaintiff has "a cause of action." Another approach is to determine whether the plaintiff can establish a "right" which the court may declare. Yet another approach is to require the plaintiff to demonstrate "a special injury" resulting from the subject matter of the declaration. A fourth approach requires the plaintiff to have an "interest" in the subject matter of the declaration to be litigated. A final approach leaves the question of standing to be determined by the court in the exercise of its discretion.*

(emphasis added).

[26] For the purpose of deciding a striking out application, the court may assume that the contents of the SOC are true – please see the Court of Appeal's judgment given by Mahadev Shankar JCA in *Tuan Haji Ishak Ismail v. Leong Hup Holdings Bhd & Other Appeals* [1996] 1 CLJ 393; [1996] 1 MLJ 661, at 679. Even if this court assumes that the SOC is true, nevertheless the plaintiff has no *locus standi* to file this action and:

(a) it is plain and obvious that this action should be struck out on one or more of the following grounds:

(i) this action is frivolous and/or vexatious under O. 18 r. 19(1)(b) RC – please see *Karpal Singh*, at p. 68 (the High Court struck out the suit in this case on, among others, the ground that the plaintiff had no *locus standi*); and/or

(ii) this action constitutes an abuse of court process which should be struck out under O. 18 r. 19(1)(d), O. 92 r. 4 RC and/or the court's inherent jurisdiction – please see the Federal Court's judgment delivered by Abdul Malek Ahmad FCJ (as he then was) in *Lembaga Kumpulan Wang Simpanan Pekerja v. Kesatuan Kakitangan Lembaga Kumpulan Wang Simpanan Pekerja* [2000] 3 CLJ 81; [2000] 3 MLJ 65, at 80;

(b) the plaintiff's lack of *locus standi* to institute this action is clear and need not be tried in this case. This is because the SOC and the plaintiff's affidavit do not disclose any right for the plaintiff to file this action; and

(c) in a striking out application, wherever possible, the court may exercise its discretionary power to amend the SOC (instead of striking out a SOC) – please see Mahadev Shankar JCA's judgment in the Court of Appeal case of *Muniandy Subrayan & Ors v. Chairman and Board Members of Koperasi Menara Maju Bhd* [1997] 1 CLJ 417; [1997] 1 MLJ 557, at 560 and 561). This court has considered the possibility of allowing the plaintiff to amend the SOC but the plaintiff's lack of *locus standi* to institute this action cannot be "saved" by any amendment to the SOC.

[27] I should clarify that the striking out of this action by this court does not prejudice the performers because the performers still have a statutory right to apply to CT under s. 16B(3A) CA to determine the amount payable by defendant as equitable remuneration for defendant's use. Once the CT has decided on the quantum of equitable remuneration payable by defendant to performers for defendant's use:

(a) the equitable remuneration right has accrued in favour of the performers as against the defendant; and

(b) as explained below, the equitable remuneration right can be assigned by performers to plaintiff.

Whether Performers Can Assign Equitable Remuneration Right To Plaintiff

[28] Ms Chew has contended that performers cannot assign equitable remuneration right to plaintiff for the following reasons:

(a) Equitable remuneration right is a statutory right provided by CA and can only be assigned in accordance with the provisions in CA. Section 27(1) CA provides for assignment of copyright and not assignment of equitable remuneration right. There is no provision in CA which allows a performer to assign equitable remuneration right to any person;

(b) Our CA does not have a provision equivalent to s. 182D of the United Kingdom's Copyright, Designs and Patents Act 1988 (CDPA (UK)). Section 182D(2) CDPA (UK) provides that equitable remuneration right "may not be assigned by the performer except to a collecting society for the purpose of enabling it to enforce the right on his behalf"; and

(c) Equitable remuneration right under s. 16B CA is only a "personal right" which can only be exercised by a performer and not by any other person (including plaintiff).

[29] With respect, I am not able to accede to the above submission. Assuming that the CT has determined the amount payable by defendant to performers as equitable remuneration for defendant's use, I am of the view that performers may assign equitable remuneration right to the plaintiff. This decision is based on the following reasons:

(a) although s. 27(1) CA provides for assignment of copyright, s. 27 CA does not prohibit assignment of equitable remuneration right. In fact, there is no prohibition of equitable remuneration right in CA. In view of the fact that CA is silent on assignment of equitable remuneration right, s. 4(3) of the Civil Law Act 1956 (CLA) may apply. Section 4(3) CLA provides as follows:

> s. 4(3) *Any absolute assignment, by writing, under the hand of the assignor, not purporting to be by way of charge only, of any debt or other legal chose in action, of which express notice in writing has been given to the debtor, trustee or other person from whom the assignor would have been entitled to receive or claim the debt or chose in action, shall be, and be deemed to have been, effectual in law, subject to all equities which would have been entitled to priority over the right of the assignee under the law as it existed in the State before the date of the coming into force of this Act, to pass and transfer the legal right to the debt or chose in action, from the date of the notice, and all legal and other remedies for the same, and the power to give a good discharge for the same, without the concurrence of the assignor.* (emphasis added).

Firstly, s. 4(3) CLA is of general application. This is clear from the title to CLA (An Act relating to the civil law to be administered in Malaysia). There can be an absolute assignment of equitable remuneration right if there is fulfilment of the following three cumulative conditions stipulated in s. 4(3) CLA:

(i) the assignment is an absolute one and is not by way of a charge;

(ii) the assignment is in writing; and

(iii) express notice of the assignment shall be given to defendant.

– please see Gunn Chit Tuan SCJ's (as he then was) judgment in the Supreme Court case of *Hipparion (M) Sdn Bhd v. Chung Khiaw Bank Ltd* [1989] 2 CLJ 101; [1989] 1 CLJ (Rep) 41, at 44, regarding the application of s. 4(3) CLA.

The phrase "any debt or other legal chose in action" in s. 4(3) CLA, in my view, is sufficiently wide to include equitable remuneration right; or

(b) if I have erred in applying s. 4(3) CLA to assignments of equitable remuneration right, I am of the alternative view that performers can assign equitable remuneration right in equity to plaintiff (equitable assignment of equitable remuneration right). This is because there is no Malaysian written law or case law which prohibits equitable assignment of equitable remuneration right. Nor is there any policy consideration which militates against the recognition of equitable assignment of equitable remuneration right by Malaysian courts. On the contrary, Malaysian case law has recognised equitable assignments (so far, not in respect of equitable remuneration right). I rely on the Federal Court's judgment delivered by Peh Swee Chin FCJ in *Khaw Poh Chhuan v. Ng Gaik Peng (f) & Yap Wan Chuan & Ors* [1996] 2 CLJ 185; [1996] 1 MLJ 761 (this case does not concern equitable remuneration right). It was decided in *Khaw Poh Chhuan*, at p. 205 (CLJ); p. 775 (MLJ), as follows:

> *… In any event, compliance with s. 4(3) (CLA) is not a pre-requisite to the validity of an assignment, which is to be determined in the usual ways. Even without complying with s. 4(3), eg even without notice of the assignment to such debtors, for the sake of argument, the assignment would have been valid in equity in any event against the assignor.*
>
> *The learned judge appears to be in error in suggesting as if there were two different distinct kinds of assignment, ie one in equity and one under s. 4(3) [CLA], both assignments being mutually exclusive. Nothing is further from the truth. If an assignment is valid in law or legal (ie legally binding on the assignor), then it is valid or legal and compliance with s. 4(3) is not essential to make it valid or legal as stated. Section 4(3) has not made any alteration in the law of assignment; it has merely made it easier for the assignee in one aspect in that the assignee can sue in his own name without sometimes having to borrow the name of the assignor or if the assignor is uncooperative, to join the assignor as a co-defendant.*

(emphasis added).

English cases have recognised equitable assignment of copyright. Suffice it to cite Harman J's judgment in the High Court case of *Batjac Productions Inc v. Simitar Entertainment (UK) Ltd & Anor* [1996] FSR 139, at 149 and 151-152:

> *Finally, Miss Smith raised a further issue, submitting that the plaintiff had not properly constituted this action. She asserted that the plaintiff here, which – at the issue of its writ – undoubtedly only had equitable title to the copyright, could not obtain final judgment in an action upon that equitable title. So far, I think, there is no controversy. Further, counsel agree that the owner of an equitable title who has a cause of action for infringements of copyright can properly issue a writ and can obtain interlocutory relief; but the requirement of the law is that before final judgment for a perpetual injunction or for damages can be entered there must be a further improvement to the equitable title by the bringing in of the legal title.*

…

Scott J, as he then was, in *Weddell & Anor v. JA Pearce & Major* [1987] 3 All ER 624 *is very much to the same effect.* At p. 625 the propositions set out in the headnote, which are justified by the judgment, are as follows:

> *(2) An equitable assignee could sue another in his own right even though he could not recover damages or a perpetual injunction without joining as a party the assignor in whom legal title to the chose in action was vested. Furthermore, an action which was commenced by an equitable assignee without joining the assignor was not a nullity, although it could be liable to be stayed until the proper parties had been joined. On the facts, the plaintiffs' claim that immediately before the bankruptcy the defendants were liable to them in damages was an asset which vested in the trustee in bankruptcy and was assigned by him back to the plaintiffs on 7th February 1986 and the plaintiffs' entitlement as equitable assignees to bring an action to enforce their rights was no different from the entitlement of an equitable assignee to bring an action to recover a debt. It followed that the writ was not a nullity and, furthermore, the defect which would have prevented the plaintiffs obtaining judgment against the defendants was removed on 4 June 1986 when the assignment became a legal assignment.*

> *That proposition shows that that learned judge was of the view that it was, as Peterson J. had said, entirely proper to give final judgment in favour of a person who had been merely an equitable owner of copyright at the time of issue of the writ but became entitled to the legal title in the copyright before judgment in the action by assignment of that copyright and of the preceding rights in action.*

(emphasis added).

In *Hexagon Pty Ltd v. Australian Broadcasting Commission* [1975] 7 ALR 233, at 257, Needham J in the New South Wales' Supreme Court has recognised an equitable assignment of copyright.

If English and Australian case law has recognised equitable assignment of copyright, there is nothing in principle and policy for this court not to recognise equitable assignment of equitable remuneration right. Furthermore, intellectual property (IP) rights may be recognised and enforced in different jurisdictions. It is therefore important, as far as possible, to ensure that Malaysian IP law does not differ materially from IP law in other jurisdictions.

A **Can Plaintiff Claim For Equitable Remuneration In Plaintiff's Own Name Without An Assignment From Performers?**

[30] In this case, even if assuming that CT has determined the amount of equitable remuneration payable by defendant to performers for defendant's use, the performers have not assigned equitable remuneration right to
B plaintiff. The performers' agreements with plaintiff cannot constitute an absolute assignment under s. 4(3) CLA or an equitable assignment of equitable remuneration right from performers to plaintiff.

[31] If there is no assignment of equitable remuneration right by performers to plaintiff, the plaintiff has no right to commence this action in
C the plaintiff's own name – please see *Khaw Poh Chhuan*, at p. 205 (CLJ); p. 775 (MLJ).

[32] If CT has determined the amount of equitable remuneration payable by defendant to performers for defendant's use and if there is a valid
D assignment of equitable remuneration right by performers to plaintiff, the plaintiff may commence a suit to recover the sum of equitable remuneration from defendant and this suit must join performers as co-plaintiffs – please see *Batjac Productions*.

[33] It should be noted that s. 255 of Singapore's Copyright Act has
E provided that the "right of a performer to bring an action may be assigned".

Court's Decision

[34] In summary:

(a) under CA:

F (i) copyright,

(ii) performers' right and

(iii) equitable remuneration right

G – are different from each other;

(b) performers cannot claim licence fees from defendant for defendant's use. As such, performers cannot assign any right (to claim for licence fees regarding defendant's use) to plaintiff;

(c) plaintiff cannot claim for licence fees for defendant's use based on:

H (i) the plaintiff's licensing scheme; or

(ii) performers' agreements with plaintiff;

I

(d) as there is no contract between defendant and performers regarding equitable remuneration payable by defendant to performers for defendant's use and performers have yet to apply to CT under s. 16B(3A) CA to determine the amount of such an equitable remuneration:

(i) performers cannot claim for equitable remuneration from defendant for defendant's use; and

(ii) performers cannot assign equitable remuneration right to plaintiff. Accordingly, the plaintiff has no right to file this action against the defendant to claim for equitable remuneration regarding defendant's use; and

(e) if CT has decided on the quantum of equitable remuneration payable by defendant to performers for defendant's use:

(i) the equitable remuneration right can be assigned by performers to plaintiff under s. 4(3) CLA or by way of equity; and

(ii) if there is no assignment of equitable remuneration right to plaintiff, the plaintiff has no right to commence this action in the plaintiff's own name.

[35] Premised on the above reasons, this application is allowed with costs of RM5,000 (costs sum) and an allocatur fee shall be imposed on the costs sum.

[36] In closing, I must record my gratitude to both Ms Chew and Mr Manoharan for their detailed and persuasive submission, without which this judgment is not possible.